

# CUASA COMMUNIQUÉ

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## CUASA Says No to Privatization of Academic Services

On March 18, CUASA President Angelo Mingarelli sent the following letter to the Provost/VP Academic Professor Peter Ricketts:

Dear Professor Ricketts:

**RE: Navitas & the Contracting Out of  
SLaLS ESLA Credit Courses**

On February 24, you asked us off the record at JCAA about a proposed venture with Navitas. We responded that such joint ventures at other universities have been problematic e.g. at the University of Manitoba, and at Dalhousie.

We have now been advised on the record by our members in SLaLS that the employer is considering an arrangement which would see English as a Second Language (ESLA) credit courses, which are currently taught in the School of Linguistics and Language Studies (SLaLS), contracted out to a third party (Navitas or Algonquin College).

Thus, our CUASA Steering Committee discussed this issue on March 3. We identified a number of concerns with such a contracting out arrangement:

1. The possible loss of seven (or more) confirmed Instructor positions in SLaLS, with lay off protection pursuant to Article 17.8 of the CUASA agreement;
2. The diminution of the quality of teaching at Carleton. This unit is renowned for the quality of its instructors, as evidenced by the stellar teaching scores, feedback from students, etc. Instructors in SLaLS are familiar with the language requirements of the various departments at Carleton;
3. The enrollments in the ESLA credit course is substantial, reflecting a clearly identified need within the Carleton student community;
4. Our ESLA program provides a "niche" learning context for student interns in the CTESL (Certificate in Teaching English as a Second Language) program at Carleton, graduate students in the applied linguistics program, and Professors who work collaboratively with SLaLS on "special" projects. Our ESLA classrooms are regularly open to observation to support research and pedagogical advancement. These synergies could be lost to Carleton if these services are contracted out;
5. Senate must have the primary role in any changes to academic plans, admission requirements, and academic units.

As you are aware, Carleton University is well positioned to meet the diverse teaching needs of recent immigrants, aboriginal Canadians, and those who

don't speak English as their first language. The Premier of Ontario has identified international students as a source of growth for Ontario universities.

A recent article in Maclean's Magazine<sup>1</sup> identifies numerous concerns with the quality of the Navitas approach to education.

In light of the uncertainty this issue has created and the information at our disposal originating from our members in SLaLs, we call on you to state unequivocally that ESLA instruction at Carleton is a valued resource and that all ESLA pedagogical needs are being well addressed with the high quality Instructors currently in SLaLs.

We are also very concerned with the fact that such an arrangement is actually being considered without any debate or discussion, except for an off the record comment at JCAA. The stewardship of a major public university like Carleton requires a high level of confidence in decision making, and we are concerned that this venture is being considered without adequate consultation from the academic staff.

I look forward to receiving your response to these concerns.

### **About Navitas**

CUASA obtained the following information about Navitas from the University and College Union in the UK:

Navitas were previously known as IBT (Institute of Business Technology). They are an Australian education business.

Their portfolio of business activities includes:

- University international foundation, undergraduate diplomas and pre-Masters courses as pathways into 'partner' university courses for international students.
- English language training
- Delivering vocational training
- 'vertically integrating', (acquiring) student recruitment agents in source countries.

### Company operations

They describe themselves as 'the largest Australian provider of English Language training'. This is delivered through a subsidiary company, ACL.

They also describe themselves as an Australian market leader in pathways programs and they have long-term agreements for partnerships with 9 Australian universities, including Macquarie University, Deakin University, Griffith University, Curtin University, Edith Cowan University, University of South Australia, Flinders University and University of Adelaide.

Navitas has agreements with three Canadian universities, McMaster, Simon Fraser and Manitoba.

Navitas also has 'partnerships' in Lusaka, Zambia and Nairobi, Kenya

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<sup>1</sup> Erin Millar, "The sneaky way universities are privatizing teaching" MacLeans OnCampus, February 19, 2010

## British operations

- Since 2000, Navitas has had an IBT centre at Hertfordshire university.
- In 2003, it opened a similar one at Brunel university.
- In 2007, Navitas opened two more IBT centres at Anglia Ruskin and Swansea universities.

## Big business

As is clear from the scale of these operations, Navitas is now a big education business.

In December 2004, it listed on the Australian Stock Exchange and currently claims a market capitalisation of \$691 million (roughly £350 million).

In 2007, it claimed an after tax profit of \$16.5 million and a return on capital employed of 30.7%.

## Corporate strategy

Navitas's corporate strategy identifies the major conditions for their success as being the 'lack of tertiary infrastructure in source companies', where students are recruited from and the 'real reduction of government funding (increasing reliance of universities on full-fee paying international students)'.

It also identifies the market in provision for international students as 'highly fragmented' with 'many vertical and horizontal opportunities for expansion'. In other words, there are plenty of opportunities to open new operations or buy up existing ones in student recruitment and room to expand operations in teaching overseas students or buy up competitors.<sup>1</sup>

It aims to achieve this in 3 ways:

### 1. Expansion of existing operations

Navitas says that it wants to increase student numbers at its existing operations by 'maintaining and leveraging out relationships with partner universities and agents', by broadening the programs its IBT ventures offer, by tailoring and marketing courses better, improving quality (!) and by improving marketing techniques.

### 2. Targeted strategic acquisitions

In 2005, Navitas bought a vocational training company called CSMK Ltd. It hopes to expand the company's provision into higher level vocational training which can connect it up with the international student market.

The company has also bought a major Chinese student recruitment company called EduGlobal, giving it greater control over student recruitment.

### 3. Evolution of its business model to include the delivery of degree programs in its partnerships with universities.

Navitas university partnerships typically involve the delivery of foundation and diploma courses to get international students up to undergraduate standard and onto the second year of undergraduate courses. As they are established, IBT looks to widen the range of courses they provide at these levels. In addition, they are expanding into the delivery of pre-Masters courses.

Navitas's profile makes it a bigger global player than INTO, for example. Its portfolio of education business investments and operations stands in contrast to a company like INTO. It is also more firmly centred on profiting from the education side of its business than INTO, which has a property development angle.

## Summary

Navitas has clear ambitions to be one of a small group of companies dominating the international market in overseas students, whether by expansion or acquisition.

Navitas identifies the UK and Canada as of primary strategic importance for establishing new operations, describing them as 'under-penetrated markets'.

This is the context for the current wave of discussions between Navitas and UK universities.

Once it establishes footholds, as its stated strategy and its existing colleges make clear, it will look to expand the scale of its operations, with new courses at each 'college' and new partnerships on the back of these.

How do they maintain academic quality control?

All such public-private partnerships must make a profit and in order to do so, they must recruit more students and keep costs as low as possible. This places a massive strain on the maintenance of academic standards at such ventures.

In common with other such public-private partnerships, these ventures market their courses aggressively to international students.

A key part of this marketing strategy is the promise of some variant of 'guaranteed progression' to an undergraduate degree at the partner institution.

- Swansea IBT says: 'on successful completion of the ICWS programme, students are guaranteed entry to the relevant degree programmes at Swansea University.' (Swansea IBT website.)
- Hertfordshire IBT says: 'All students who pass their course will automatically progress to the chosen pathway at the University of Hertfordshire.' (Hertfordshire IBT website).
- Brunel university's London IBT says, 'our flexible entry system allows you to choose one of the three entry dates per year (September, February and June) for undergraduate studies, allowing you to fast track your studies and enter the second year at university ahead of other students who have opted for the traditional UK academic entry dates (for example if you enrol in February, you could enter the second year at Brunel University by September of the same year). (London IBT website)

Staff at ventures of kind report to us that the aspirations to recruit more students and keep

profits up mean that students arrive with a lower than usual level of ability. They are then

[www.ucu.org.uk](http://www.ucu.org.uk) 3

offered a fast track to an undergraduate degree which places the staff delivering the courses under tremendous strain.

If staff want to maintain standards and ensure that students are not fed into the university at lower levels of ability they have to work harder than before.

Worse than this, they have to do so with standardized off-the shelf materials that, it is reported, are not produced by specialists in English for Academic Purposes.

Quality Assured?

Navitas own a private education institution called the Australian College of Applied Psychology, a for-profit higher education provider

When the Australian Universities Quality Assurance Agency reviewed their practice they recommended that:

- The College should have ‘educational’ as well as ‘business objectives’ in its strategic plan
- The College ought to have people who were not on the Navitas payroll on its governing body
- The College ought to institute quality control mechanisms that were comparable to other higher education providers in Australia, as a ‘matter of urgency’. 3

Staff terms and conditions

Staff employed by partnerships with private companies regularly report that they do not enjoy union recognition, that their terms and conditions and their pay rates are worse and that they are denied access to USS or TPS pension schemes, being enrolled instead in inferior stakeholder pension schemes.

This is creating a two-tier workforce in UK higher education.

Navitas’s recent partnership with the University of Manitoba in Canada has run into problems with some staff in some departments refusing to cooperate with the international collage, seeing it as a threat to standards and to staff terms and conditions across the university.4

UCU is committed to fighting the growth of a two-tier workforce and the threat to quality posed by all these companies and Navitas is no exception.

3

Australian Universities Quality Agency, Report of an Audit of the Australian College of Applied Psychology, February 2008.

4

<http://www.universityworldnews.com/article.php?story=20080710160335483>

[www.ucu.org.uk](http://www.ucu.org.uk) 4

A company with education at its heart?

In March 2006, IBT hit the headlines when their attempt to sign a deal at Simon Fraser university met stiff resistance from students in particular.

This was reinforced by the news that one of IBT's directors, Trevor Flugge, had stepped down from his various directorships for his alleged role in supplying kickbacks to Saddam Hussein's regime through the UN Oil-for-Food programme.

It was alleged that as chairman of the Australian Wheat Board, Trevor Flugge had secured lucrative contracts for Australian agriculture in Iraq through kickbacks via the Oil-for-Food Programme. Flugge was called before the Cole Inquiry in Australia and stepped down from his directorship of IBT at the same time. At the time the company said if there was no wrongdoing, Flugge would resume his position. He never did.

Until 2005, Navitas's senior management board boasted the former Vice Chancellor of Macquarie University in Australia, Di Yerbury, who was accused of removing hundreds of paintings that belonged to the university on leaving her post and Steven Schwartz, who moved from Brunel to replace Ms Yerbury at Macquarie in 2006. UCU members who instigated greylisting at Brunel will recall Steven Schwartz's high regard for education.<sup>5</sup>

5 Sydney Morning Herald, March 22, 2006: <http://business.smh.com.au/hedge-fundies-nurse-hurtfeelings-20080321-20wp.html?page=1>

[www.ucu.org.uk](http://www.ucu.org.uk) 5

### **Developments at the University of Windsor**

In February, 2010, the Senate at the University of Windsor rejected a privatization proposal from Study Group International. The following Op Ed piece appeared in the Windsor Star (January 26, 2010):

#### **A question of resources**

By James Winter, Special to The Windsor Star

One downside of the current economic crisis is that an air of desperation has pervaded boardrooms, including those on university campuses.

A good example of this was sprung upon faculty members when we returned from the holidays recently.

The Office of the Vice-President International at the University of Windsor has proposed that first-year programs be taught to international students on campus by a private Australian corporation, Study Group International (SGI).

In the wake of the faculty strike in fall 2008, what could be more divisive and contentious than a proposal for privatization and outsourcing?

Huge battles have been ongoing in Britain over this matter, and on some Canadian campuses such as Simon Fraser, the U. of Manitoba and McMaster. CAUT and OCUFA, the national and provincial associations for professors, are strongly opposed.

A faculty governing body in arts and social sciences gave preliminary approval to SGI programs in psychology and political science on Jan. 14. The approval process is at various stages in other

departments, with the matter reportedly to come before the university senate in February, for final consideration.

At the heart of the matter is the concern we all share for bright international students facing language barriers and culture shock. Many of them are not adequately prepared to study here in English. Something must be done to help them to succeed.

But our concern for international students and balanced budgets must not lead us to abandon academic integrity.

We should be using campus resources, such as the English Language Improvement Program (ELIP) which opened a brand new "state of the art" facility a little over a year ago, at a cost of \$1.6 million. This is where our energies and resources should be centred, rather than renting facilities to a private Australian corporation.

The proposed deal would see international students study with SGI teachers on our campus for three semesters. SGI would receive all tuition. Judging from contracts on other campuses (we haven't seen the Windsor one yet), students would then be guaranteed admission to our second-year programs.

This amounts to handing first-year teaching of international students over to a private firm, with no accreditation.

Departments on campus would have no control over who teaches at SGI on campus, or course content, although in some cases courses would be "equivalent."

SGI is on 29 mostly small college campuses in the U.S., but not on any Canadian University campuses. Does Windsor really wish to be first? What will this do to our reputation?

SGI uses its own in-house English language tests, rather than using accepted international tests such as IELTS or the TOEFL. SGI's passing grade is 40 per cent in the first semester and 65 per cent afterwards. The U of W ELIP standard is 75 per cent. One report from a partner university in Britain said, "We rejected more Study Group students than we accepted because the standard coming through was so low."

SGI markets itself as a part of the host university, using websites with the university's own logo. It's difficult for students to discern that they are separate, and that admission to SGI is not the same as admission to the university.

This agreement differs substantially from existing articulation agreements with Canadian colleges, because: 1. those colleges are public, accredited, and regulated, and 2. faculty look at course outlines and determine whether courses are equivalent, rather than not having any say.

Despite access to high foreign student tuitions, SGI and similar private corporations are currently losing money, which makes their future questionable. What happens when ELIP programs are dismantled and private corporations fail?

The U of W already has a private company which recruits international students: Higher Edge. According to a Senate report, in 2008 Higher Edge recruited 458 international students to our campus. SGI would be in competition with Higher Edge.

SGI is an Australian-owned venture capital corporation, formerly owned by the Daily Mail newspaper company in England. Their concern is with profit, maximizing growth and minimizing costs such as teaching. Pay at SGI-type companies in U.S. and British universities is demonstrably lower, while benefits are low or non-existent.

SGI will obtain as many students as possible, regardless of qualifications. Once these students have come to our campus for three semesters, we may be required to admit them into our programs.

There are many concerns here, both academic and union related. Like Essex University, McMaster U., Goldsmiths College and others, we should reject this agreement and commit to investing in in-house solutions which are already present.

This proposed partnership is largely motivated by budget concerns, although it is being sold as beneficial for international students. Let the private firms recruit students. We have the expertise on campus to teach them, with our own standards, in English as well as other subject areas.

Dr. James Winter is a professor in the Communications, Media & Film Department at the University of Windsor, and the author or editor of seven books.